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REPORT
of the
LEGISLATIVE COUNCIL COMMITTEE
on
STUDENT FINANCIAL ASSISTANCE



JANUARY 1969

REPORT OF THE COMMITTEE ON STUDENT FINANCIAL ASSISTANCE

The Committee on Student Financial Assistance was a special Committee appointed by the Governor, the President of the Senate, and the Speaker of the House. The Committee originated as the result of Senate Joint Resolution 70 of the 1968 Session of the General Assembly. This Resolution directed the special Committee to determine the policy of the State of Maryland with respect to providing financial assistance for students in higher education. During the 1968 Session of the General Assembly, several proposals were submitted by the Governor which would have discontinued free tuition for teacher training at State Colleges and the University of Maryland, all scholarship programs and shifted the entire assistance program to the loan program under the Maryland Higher Education Loan Corporation. These proposals would have been a major innovation in the higher education policies of the State, and it was, therefore, felt necessary to review the State's policy with respect to these problems to determine what course of action the State should follow.

During the course of its deliberations, the Committee thoroughly explored many possible approaches to revision of the existing programs of financial assistance. The Committee always kept before it the basic goals of (1) programs that would provide the greatest benefits to the greatest possible number of students, (2) programs that would make such benefits available to all eligible candidates who demonstrate the need for such assistance no matter where they might stand within the broad spectrum of academic standards, and (3) be feasible in concept and practical to administer. In addition, the Committee desired to recommend programs that would not be prohibitively expensive to the State.

The Committee sincerely feels that the programs outlined below represent a sensible approach to genuine improvement in the area of student financial assistance. It is believed that these new proposals will greatly benefit the youth of this State, by making the several types of financial aid more readily available to a greater number of students, and by improving the effectiveness and efficiency of the administration of such program.

I. SCHOLARSHIP PROGRAM.

There are at the present time three major programs existing for scholarships. One is a General Tuition Scholarship Program, the second is a Program for Teacher Education, and the third is the Senatorial Scholarship Program.

A. Teacher Education Program.

This program is limited to private colleges. It provides an annual increment of \$100 up to a total of \$1,000. At the present time, the State Scholarship Board is using a \$600 figure for the incoming scholarship recipients for the academic year 1968-69. The maximum number of scholarships possible under this program is 684, and when the \$1,000 plateau is reached, the annual cost will be \$684,000. These scholarships are allocated on a formula provided by statute, giving one scholarship to each political subdivision plus one scholarship for each Delegate. Each student receiving such a scholarship signs a bond with sureties to teach in the public school system for two years within the first five years after he leaves the institution. The bond amounts to \$500 per year. In order to qualify for and retain a scholarship, the student must be enrolled in the teacher preparatory curriculum.

B. *General Tuition Program.*

The General Tuition Program provides up to \$500 for tuition only. It is applicable at any Maryland institution of higher education including both public and private schools. It has the same number of scholarships and allocation as the Teacher Education Program. However, since some of the tuition charged at the various schools is less than the \$500 maximum, excess funds are applied to additional one-year scholarships granted for freshmen entering college. These amount to approximately 250 to 285 one-year awards. Students who enter the junior college system can retain their four-year award if they transfer to a four-year institution. There is a basic award of 171 scholarships in any given year, but there are always more than this granted because of drop-outs and because of the special one-year awards referred to. The entire cost of this program is \$342,000 per year.

C. *Senatorial Scholarship Program.*

Under the Senatorial Scholarship Program each Senator may award an annual quota of 58 units of \$250 each. He may award from one to six units annually to any one recipient. The units awarded may be used for tuition and for room and board and are applicable at specified four-year institutions of the State of Maryland. Junior colleges are excluded under this program. When the program is fully phased in the annual cost will be 2.4 million dollars per year. The awards are based on an annual state-wide competitive examination or upon satisfactory college work. Each Senator then receives a list of eligible candidates for his district. The financial need of the student must be taken into consideration and each Senator receives upon request an analysis sheet which takes into account family income, tuition at the school involved, and certain other factors. Each candidate must submit to his Senator evidence of admission to the institution of his choice. In order to retain his scholarship the student must remain a resident of the State of Maryland.

D. *Other Scholarship Programs.*

There is also in operation a program of scholarships in medicine which amounts to 10 per year in the annual amount of \$1,500 each and which require a bond to the State to serve as a general practitioner for at least three years in an area of need to be determined by the State Department of Health and the Medical Chirurgical Faculty of Maryland.

Also in operation in the State is a grant-in-aid to war orphans. This allows an amount of \$500 per year which may be used at any accredited institution in the United States for tuition, room and board, supplies and equipment. At the present time, the State Budget provides \$200,000 annually to be available for these scholarships.

There is also in existence a Program of Delegate Scholarships. This program provides for two four-year scholarships at the University of Maryland to be awarded by the member of the House of Delegates at the beginning of his four-year term. Presently, the value of each scholarship is \$300 and the total cost of the program for a four-year term is \$85,200.

II. RECOMMENDATIONS.

The Committee adopted the following recommendations for changes in the present scholarship programs to take effect for the academic year 1970-71.

1. The General Tuition Scholarship Program and the Teacher Education Program should be combined into one General Scholarship Program. The scholarships should be awarded by the State Scholarship Board and a financial report should be required from all scholarship applicants. Need must definitely be a factor in the awarding of scholarships and should be determined by the State Scholarship Board.

2. The present scholarship examination should be eliminated and in its stead each candidate should be required to submit his Scholastic Aptitude Test scores to the State Scholarship Board. This test is required by most four year colleges.

3. Scholarship funds will be allotted to each political subdivision in accordance with the formula presently used for the distribution of General Tuition and Teacher Education Scholarships. Within counties and city districts, fifty percent of the awards will be made primarily on the basis of ability and the balance of awards primarily on the basis of need. The basic requirements of need must be met by all candidates. These General Scholarships would be awarded first and would be followed by the Senatorial awards at a later date. The State Scholarship Board would supply all Senators with a list by the first of June of the awards made under the General Scholarship Program. The deadline provided by statute for Senators to make their awards would be extended to August 1st.

4. The new combined program of scholarships will be awarded in amounts from \$200 to \$1,500 in \$100 increments. The State Scholarship Board will be given authority to adjust awards within the statutory limits in any given year for any given student who is receiving a scholarship.

5. Senatorial Scholarships—It was the feeling of the Committee that there should be no change in the overall scope of the program as far as numbers available and amounts required in the State Budget. However, certain changes are being recommended in the program which will affect the administration of the program. They are as follows:

(a) The program is to be expanded to include all accredited institutions of higher education in this State;

(b) Off-campus housing will not be provided through use of Senatorial Scholarship funds when on-campus housing is available;

(c) In order for a candidate to be eligible for a Senatorial Scholarship without being subject to the ranking process of the Scholastic Aptitude Test for scores, he must have completed at least one year of college in good academic standing;

(d) The mandatory fees charged by the various institutions may be paid out of Senatorial Scholarship funds.

(e) Awards of Senatorial Scholarships will be made in units of \$100 each rather than the existing \$250 units. Awards may be made from \$200 to \$1,500 in these \$100 increments.

6. Delegate Scholarships—The Committee adopted a recommendation that Delegate Scholarships will be paced under the same general rules and regulations as Senatorial Scholarships as to administration and application. This means that they will be subject to the ranking according to the Scholastic Aptitude Test, they will be permitted to be used at any accredited school of higher education, will be administered by the State Scholarship Board, and will be dependent upon financial need. In addition, there will be a \$200 minimum award with \$100 increments and

a maximum to be awarded by each Delegate of \$600 per year on the present non-cumulative basis. These scholarships will not take effect until the 1971-72 school year.

The Committee spent much time in discussing revision of the Tuition Waiver Program. It was determined, however, that insufficient time was available to this Committee to make an adequate in-depth study of this program considering the various factors involved. The Committee is, therefore, recommending that it or some similar committee be appointed following the 1969 legislative session to study this problem from the standpoint of forgiveness of tuition, type of bond required, system for payback of tuition advances, correlation of a Tuition Waiver Program with the Loan Program, the possibility of participation in the program by the community colleges of Maryland, or the complete abolition of the program.

III. HIGHER EDUCATION LOAN PROGRAM

The present Higher Education Loan Corporation began operating in July of 1965 and has shown growth. However, it is the opinion of the Committee that considering all factors involved, the rate of growth has not been as great as has been felt necessary to properly perform its functions.

The Higher Education Loan Corporation began guaranteeing student loans in August 1965. Approximately 9,400 loans, amounting to over \$8,000,000, have been approved to date, but the program has not grown as rapidly as the demand for this type of student assistance. (960 Loans for \$607,300 were approved during the first year, 2,775 for \$2,291,000 during the second year, 3,387 for \$3,010,000 during the third and 2,306 for \$2,168,000 during the first half of the current year. Average loan—\$857)

The function of the loan corporation is to provide credit for college and vocational school students and make it possible for them to receive long-term, low-interest loans from banks, savings and loan associations and credit unions. This is done by maintaining a revolving reserve equal to 8% of the amount of loans endorsed. These funds are deposited with United Student Aid Funds, Inc., a national non-profit organization that endorses loans made to students by private lenders. Under its contract, USA Funds agrees to pay to the lenders the total amount due in case of default, death or permanent total disability. They also provide free of charge or at partial cost most of the printed material used by the agency and assume the major portion of the cost of data processing work.

A student is eligible to apply for this aid if he is a Maryland resident carrying at least one-half the normal full-time load at an approved college, junior college, nursing school, business, trade or vocational school in the United States. Forty-three percent of the borrowers are attending schools outside the State of Maryland. Undergraduate students may borrow up to \$1,000 per academic year and graduate students up to \$1,500 per year. Repayment begins nine months after graduation over a period of not less than five nor more than ten years. The minimum annual payment is \$360, and the maximum rate of interest is 6% simple.

The Higher Education Loan Corporation has agreements with the U.S. Commissioner of Education under which the Commissioner pays all of the interest while the student is in school and during the nine months between graduation and the first payment. He will also pay the interest for a period not to exceed three years for students in the Armed Forces, Peace Corps or VISTA. The student pays all of the interest during the repayment period.

The major problem encountered by the loan program and by some of the students who want to borrow is the reluctance of many lenders to participate in the program. Those who are lending under the plan state that they are doing it as a public service.

The reasons given for not participating are (1) the long period of time that the money is "tied up" until repayment starts (as much as 5 years), (2) the low rate of interest—6% simple, and (3) the added paper work and high administrative costs involved in handling the loans and federal interest subsidy.

The loan corporation has revised its forms and procedures in an effort to reduce some of the paper work and is awaiting the approval of the U. S. Office of Education on the changes. The Congress has raised the legal rate of interest on these loans to 7% and is paying the subsidy at that rate. In Maryland and other states where enabling law prohibits this increase, an administrative cost allowance of 1% is being paid until the rate can be increased. This 1% will not be paid later than 120 days after the close of the current session of the General Assembly. (P.L. 90-575)

One of the approaches considered by the Committee was to possibly have the State supply financing for the loans which would have the effect of putting the State in the loan business on a revolving loan fund. One such program is in existence in Texas and it is understood that the State of Wisconsin is also planning to institute such a program.

The Maryland Council for Higher Education, at its meeting with the Committee, discussed the Maryland Higher Education Loan Corporation and, as one of its recommendations, suggested that the State Scholarship Board and the Maryland Higher Education Loan Corporation be consolidated into one unified board. They also recommended an increase in the size and scope of the present loan corporation with a provision to be included to allow for a forgiveness program under the loan program. It was the feeling of the Maryland Council for Higher Education that there is no unified approach between the Scholarship Board and the Loan Corporation and that a joint board would be able to appraise the total needs of the student and create a stronger liaison on the amount and type of assistance needed per individual student.

In considering the recommendations of the Maryland Council for Higher Education and in its deliberations on the question of whether a joint board should be created, the Committee was advised that under the present Federal regulations no investigation can be made of need. It was pointed out that one of the difficulties created by combining scholarship programs and loan programs in a total program for the student is that under the present arrangement, it is possible to guarantee a scholarship since the State provides funds for this but there is no way in which a loan could be guaranteed as the availability of the money under that program depends upon the attitude and the cooperation of the individual banking or lending institutions. It was the consensus of the Committee, therefore, that no recommendation be made on a merger of the State Scholarship Board and the Higher Education Loan Corporation to form a joint board. It was the further recommendation of the Committee, however, that both the State Scholarship Board and the Higher Education Loan Corporation Board be encouraged to hold joint meetings of not less than once per year in an attempt to achieve maximum coordination in consideration of student aid problems in their respective fields.

It was felt by the Committee after full deliberation and after consultation with the Maryland Council for Higher Education and with the

representatives of the banking institution, who were present at a meeting, that certain steps could be taken in regard to the loan program which would enable the program to achieve its desired results. As a result, the following actions were taken by the Committee.

Recommendations:

1. It is the Committee's recommendation that the applicable sections of the Code dealing with the Maryland Higher Education Loan Corporation be amended to raise the permissible interest rate from six percent to seven percent. This will bring the State of Maryland in line with the newly adopted provisions of the Federal program, which is necessary to the continued operation of the program.

2. The usury law, as amended by Chapter 453 in the 1968 Session, should be amended to exempt banks and other lending institutions from the disclosure statement provision as it applies to loans guaranteed under the student loan program.

3. The loan program should be revised to include a service fee of \$25 for each loan and for each conversion of a loan to a pay-out program. This fee is to be paid by the State to the lending institution when the loan is granted or the conversion made. The cost to the State of these fees based upon estimates of the next scholastic year's loans is approximately \$125,000. It must be borne in mind, however, that this cost will increase if this recommendation has the desired effect of increasing the number of loans available to students.

In summary, it is the feeling of the Committee that after its review of both the existing scholarship programs and the present Maryland Higher Education Loan Corporation program that certain steps must be taken to provide for a more unified program which will also broaden the availability of aid to students in Maryland who desire to go to institutions of higher learning. This broadening will take effect by combining the teacher education and the general tuition scholarship programs, by expanding the Delegates' scholarship program in its application, and by liberalizing the loan program. It is particularly hoped that the changes in the loan program will encourage the banks and lending institutions of the State to participate to a much greater degree by making greater amounts of funds available for students to borrow in order to finance their education.

Suggested legislation to be introduced into the 1969 Session of the General Assembly to carry out the recommendations and proposals of this Committee is attached to this report.

Respectfully submitted,

Rosalie Abrams
William Anthony
John J. Bishop, Jr.
B. Melvin Cole
Henry R. Hergenroeder, Jr.
Harry R. Hughes, *Chairman*
Arthur A. King
James A. Leamer, Jr.
Blair Lee, III
Edmund C. Mester
Mary L. Nock
Jacob Yingling

A BILL

ENTITLED

AN ACT to add new subsection 5(a)(6) to Article 43A of the Annotated Code of Maryland (1965 Replacement Volume and 1968 Supplement), title "Higher Education Loan Program," to follow immediately after subsection 5(a)(5) thereof, to provide that the Maryland Higher Education Loan Corporation shall have the power to pay a service fee to lending institutions upon the granting of a student loan or the conversion of an existing loan to a "pay-out" program on behalf of students applying for loans as provided in this Article.

1 SECTION 1. *Be it enacted by the General Assembly of Maryland,*
2 That new subsection 5(a)(6) be and it is hereby added to Article 43
3 of the Annotated Code of Maryland (1965 Replacement Volume and
4 1968 Supplement), title "Higher Education Loan Program" to read
5 as follows:

1 5.

2 (a)(6) *To pay a service fee of twenty-five dollars (\$25.00) to*
3 *any lending institution upon the processing, approval and granting*
4 *of a loan or conversion to a "pay-out" program for an existing loan*
5 *on behalf of any student who receives a loan for higher education*
6 *as provided in this Article.*

1 SEC. 2. *And be it further enacted, That this Act shall take effect*
2 July 1, 1969.

A BILL

ENTITLED

AN ACT to repeal and re-enact, with amendments, Sections 5(e) and 6 of Article 43A of the Annotated Code of Maryland (1965 Replacement Volume and 1968 Supplement), title "Higher Education Loan Program" to change the permissive rate of interest allowed on loans made or guaranteed by the Maryland Higher Education Loan Corporation.

1 SECTION 1. *Be it enacted by the General Assembly of Maryland,*
 2 That Sections 5(e) and 6 of Article 43A of the Annotated Code of
 3 Maryland (1965 Replacement Volume and 1968 Supplement), title
 4 "Higher Education Loan Program," be and they are hereby repealed
 5 and re-enacted, with amendments, to read as follows:

6 5.

7 (e) To adopt rules and regulations, not inconsistent with law,
 8 governing the application for and the granting, administration and
 9 repayment of loans, or the guarantee of loans, made by the cor-
 10 poration, the eligibility of students, colleges, vocational schools and
 11 lending institutions to participate in the program, and governing any
 12 other matters relating to the activities of the corporation. The
 13 board may adopt such rules and regulations as may be necessary to
 14 conform its loan and guarantee policies and requirements to the
 15 requirements of the United States Commissioner of Education. The
 16 board shall require all persons borrowing from the corporation, or
 17 borrowing funds guaranteed by the corporation, to pay interest on
 18 the amount borrowed during the term of the loan in such amount
 19 not exceeding ~~["six"]~~ *seven* per centum per annum and at such
 20 intervals as the board may fix; provided, however, that any part of
 21 such interest which may be paid or payable by the United States
 22 government, or any department, agency, or office thereof, shall
 23 not be collected from such persons.

24 6.

25 No loan made or guaranteed by the corporation shall bear interest
 26 at a rate in excess of ~~["six"]~~ *seven* per centum per annum; and no
 27 interest upon any loan made or guaranteed by the corporation shall
 28 be compounded; however, interest upon any such loan may be
 29 accumulated.

1 SEC. 2. *And be it further enacted,* That this Act is hereby declared
 2 to be an emergency measure and necessary for the immediate preser-
 3 vation of the public health and safety and having been passed by a
 4 yea and nay vote supported by three-fifths of all the members
 5 elected to each of the two houses of the General Assembly, the same
 6 shall take effect from the date of its passage.

A BILL

ENTITLED

AN ACT to add new Section 10(d) to Article 49 of the Annotated Code of Maryland (1968 Replacement Volume and 1968 Supplement), title "Interest and Usury," to follow immediately after Section 10(c) thereof, to exempt lenders from disclosure provisions for student loans made under the provisions of the Maryland Higher Education Loan Corporation.

1 SECTION 1. *Be it enacted by the General Assembly of Maryland,*
2 That new Section 10(d) be and it is hereby added to Article 49 of
3 the Annotated Code of Maryland (1968 Replacement Volume and
4 1968 Supplement), title "Interest and Usury," to follow immediately
5 after Section 10(c) thereof, and to read as follows:

6 10.

7 (d) *This section shall not apply to loans made by a lender to*
8 *students under the provisions of the Maryland Higher Education*
9 *Loan Corporation.*

1 SEC. 2. *And be it further enacted, That this Act shall take effect*
2 *July 1, 1969.*

A BILL

ENTITLED

AN ACT to repeal and re-enact, with amendments, Sections 261, 262, 263 and 264 of Article 77 of the Annotated Code of Maryland (1965 Replacement Volume and 1968 Supplement), title "Public Education," subtitle "General Assembly Scholarship Awards," to provide for which shall be eligible institutions under the Senatorial Scholarship Program; to specify the purposes for which funds under said program may be used; to make changes in the value and number of units which may be awarded under this program; to extend the deadline by which designation of recipients must be made; and to provide for awards with waiver of examination.

1 SECTION 1. *Be it enacted by the General Assembly of Maryland,*
 2 That Sections 261, 262, 263 and 264 of Article 77 of the Annotated
 3 Code of Maryland (1965 Replacement Volume and 1968 Supplement),
 4 title "Public Education," subtitle "General Assembly Scholarship
 5 Awards," be and they are hereby repealed and re-enacted, with
 6 amendments, to read as follows:

7 261.

8 The eligible institutions under this program of scholarships are
 9 [as follows:

10 College of Notre Dame of Maryland
 11 Hood College
 12 Johns Hopkins University
 13 Loyola College
 14 The Maryland Institute
 15 Mount Saint Agnes College
 16 Mount Saint Mary's College
 17 The Peabody Institute
 18 St. John's College
 19 St. Joseph's College
 20 Washington College
 21 Western Maryland College
 22 Goucher College
 23 University of Baltimore
 24 Columbia Union College
 25 Bowie State College
 26 Coppin State College
 27 Frostburg State College
 28 Maryland State College
 29 Morgan State College
 30 St. Mary's College of Maryland
 31 Salisbury State College
 32 Towson State College
 33 University of Maryland]

34 *those institutions of higher education in Maryland which are ac-*
 35 *credited by the State Department of Education.*

1 262.

2 Scholarship aid, to be used to defray all or part of the cost of
 3 tuition, room and board (*except that scholarship funds may not be*
 4 *used to pay the cost of housing off the campus when on-campus*
 5 *housing is available to the student*) and mandatory fees required
 6 *to be paid to the institution* at any of the participating institutions
 7 **[set forth]** *as provided* in Section 261 of this article is to be granted
 8 in units of **[two hundred and fifty]** *one hundred* dollars
 9 **[(\$250.00)]** *(\$100.00)* for each year of the award. Each Senator may
 10 award each year a total of **[fifty-eight]** *one hundred forty-five* units
 11 of scholarship aid provided that no single award to a recipient
 12 may be less than two units or exceed **[six]** *fifteen* units for each
 13 year of the four years of undergraduate study, or a total of
 14 **[twenty-four]** *sixty* units.

1 263.

2 Any award to be made according to the provisions of this subtitle
 3 shall be given only to an applicant who has met the following con-
 4 ditions: (1) That he shall have passed, in the academic year pre-
 5 ceding that for which the award is to be made, a competitive exami-
 6 nation to be administered by the State Scholarship Board in accord-
 7 ance with rules and regulations adopted and promulgated by that
 8 Board, the pertinent results of which shall be transmitted to the
 9 respective participating institutions and to the respective appointing
 10 authorities, except that when an award is made to a student who
 11 is already enrolled in an institution of higher learning and **[is]**
 12 *has completed one year of study* in good academic standing, the
 13 requirement for an examination is waived, (2) that he shall have
 14 been, at the time of the examination, a resident of the State and of
 15 the senatorial district or subdistrict of the State from which he
 16 seeks appointment, except as otherwise provided elsewhere in this
 17 article, (3) that he shall have been accepted for admission to the
 18 regular undergraduate program of the institution at which the award
 19 is to be used and (4) that he shall have accepted any other condi-
 20 tions attached to the granting of the award by the law or by regula-
 21 tions adopted pursuant thereto. The respective appointing authori-
 22 ties, in making their appointments, shall take into consideration the
 23 financial needs of the several applicants as determined by the State
 24 Scholarship Board in accordance with the uniform rules and regula-
 25 tions adopted and promulgated by that Board, which shall be so
 26 prepared and applied as to assure that definite financial need shall be
 27 a prerequisite to receiving an award under the provisions of this
 28 section. Once appointed to receive an award according to the pro-
 29 visions of this section, a student shall be entitled to hold the award
 30 for four academic years, except as otherwise provided elsewhere
 31 in this section; provided that he becomes and remains enrolled in
 32 the institution at which the award is used in a full-time (minimum
 33 12 semester hours) program of undergraduate study leading to the
 34 granting of a degree; and provided, further, that after his original
 35 appointment he continues to be a resident of the State. In any
 36 senatorial district where a Senator represents more than one county
 37 the number of scholarship units shall be divided as equally as pos-
 38 sible among the qualifying students in each of the counties compris-
 39 ing the senatorial district.

1 264.

2 (a) The designation of the recipients of any award to be made by
3 Senators and authorized by this subtitle shall be made by the Senators
4 by ~~July~~ *August* 1 of the year in which the appointment is to be
5 made. All such scholarships to which residents of Harford County
6 are entitled shall be awarded by the Harford County Board of Edu-
7 cation. In the event any designation is not made by this time, the
8 right to make the award shall thereafter be exercised by the State
9 Scholarship Board.

10 (b) The awards to be appointed by the State Scholarship Board
11 shall be made to recipients in accordance with the rank order stand-
12 ing of candidates on the competitive scholarship examination *unless*
13 *the award is made to a student who is already enrolled in an*
14 *institution of higher learning and has completed one year of study*
15 *in good academic standing.* Public announcement of the recipients
16 shall be made by the Board after it has transmitted to each Senator
17 or other appointing agency the list of recipients of the awards to be
18 made by the Senators or other agency.

1 SEC. 2. *And be it further enacted,* That this Act shall take effect
2 July 1, 1969.

A BILL

ENTITLED

AN ACT to repeal Section 267 of Article 77 of the Annotated Code of Maryland (1965 Replacement Volume and 1968 Supplement), title "Public Education," subtitle "General Assembly Scholarship Awards," and to enact new Section 267 in lieu thereof, to stand in the place of the section repealed, to provide for a program of State scholarship assistance awarded by the members of the House of Delegates, to be administered by the State Scholarship Board; to provide for when the program shall go into effect; to provide for the phasing out of the present House of Delegates Scholarship Program; and to provide in general for the method of awarding scholarships, amounts to be awarded, and institutions at which such scholarships may be used.

1 SECTION 1. *Be it enacted by the General Assembly of Maryland,*
 2 That Section 267 of Article 77 of the Annotated Code of Maryland
 3 (1965 Replacement Volume and 1968 Supplement), title "Public Edu-
 4 cation," subtitle "General Assembly Scholarship Awards," be and it
 5 is hereby repealed, and that new Section 267 be and it is hereby
 6 enacted in lieu thereof, to stand in the place of the section so repealed,
 7 and to read as follows:

1 267. *House of Delegates Scholarship Program.*

2 (a) *Eligible institutions. In addition to any other scholarships*
 3 *that may be awarded or provided for under other provisions of this*
 4 *article, there shall be a program of House of Delegates scholarships*
 5 *under the provisions of this section. Eligible institutions are those*
 6 *degree-granting institutions of higher education within this State*
 7 *whose curricula are approved by the State Department of Education.*

8 (b) *Qualifications of recipient. Any award to be made according*
 9 *to the provisions of this subtitle shall be given only to an applicant*
 10 *who has met the following conditions: (1) that he shall have passed,*
 11 *in the academic year preceding that for which the award is to be*
 12 *made, a competitive examination to be administered by the State*
 13 *Scholarship Board in accordance with the rules and regulations*
 14 *adopted and promulgated by that Board, except that when an award*
 15 *is made to a student who is already attending an institution of higher*
 16 *learning and who has completed one academic year at said institu-*
 17 *tion in good academic standing, the requirement for an examination*
 18 *is waived, (2) that he shall have been, at the time of the examina-*
 19 *tion, a resident of the State and of the political subdivision from*
 20 *which he seeks appointment, except as otherwise provided in this*
 21 *section, (3) that he shall have been accepted for admission to the*
 22 *regular undergraduate program of the institution at which the award*
 23 *is to be used and (4) that he shall have accepted any other conditions*
 24 *attached to the granting of the award by the law or by regulations*
 25 *adopted pursuant thereto, and (5) that he shall have demonstrated,*
 26 *in accordance with the rules and regulations of the State Scholarship*
 27 *Board, the requisite financial need. Definite financial need shall be a*

28 prerequisite to receiving a scholarship under the provisions of this
 29 section. No person shall be awarded or hold a scholarship under
 30 the provisions of this section if he holds any other scholarship
 31 awarded under the provisions of this Article.

32 (c) Amount and number of scholarship units. Scholarship aid,
 33 to be used to defray all or part of the cost of tuition and/or room
 34 and board at any of the eligible institutions, is to be granted in units
 35 of one hundred dollars (\$100) for each year of the award, except
 36 that no scholarship shall be less than two (2) units. No single
 37 award to a recipient may exceed six (6) units for each year of the
 38 four years of undergraduate study, or a total of twenty-four (24)
 39 units. Each member of the House of Delegates may award during his
 40 term of office, a total of six (6) units of scholarship aid.

41 (d) How awarded. From the examination papers which are
 42 graded with a passing mark, the State Scholarship Board shall
 43 certify each year the lists of candidates, by political subdivision,
 44 eligible to be considered for an award. The State Scholarship
 45 Board shall, on or before June 1 of each year, send to each Delegate
 46 a list of the awards made in each legislative district under the
 47 General Scholarship Program.

48 (e) Period for which scholarship may be held. Any applicant
 49 awarded a scholarship may apply for the next ensuing scholastic year
 50 to any one of the eligible institutions as defined in subsection (a)
 51 of this section. The institution at its discretion may reject
 52 the applicant according to its admission standards. Once appointed
 53 to a scholarship, and accepted by one of the eligible institutions,
 54 the applicant may hold the scholarship for four years subject to the
 55 following conditions: (1) That he be a full-time student (minimum
 56 12 semester hours); (2) that in the estimation of the institution in
 57 which he is enrolled he shall be progressing satisfactorily toward a
 58 degree and (3) that he maintains the deportment standards of
 59 such institutions, and (4) after after his original appointment he
 60 continues to be a resident of the State.

1 (f) Refund for withdrawals. If the recipient of any award
 2 granted according to the provisions of this subtitle shall withdraw
 3 from the institution at which the award is used, or shall otherwise
 4 cease to fulfill the requirements entitling him to receive the award
 5 during the course of an academic year, the State shall be entitled
 6 to receive from the institution a pro rata refund according to the
 7 policy of the institution with respect to refunds to students in the
 8 event of withdrawal. Such refund shall be made to the State Scholar-
 9 ship Board. The Board shall then be entitled to fill the vacancy thus
 10 created, in accordance with the provisions of this subtitle.

11 (g) Source of funds. Funds for the granting of all awards to
 12 be granted according to the provisions of this section shall be
 13 placed in the budget from year to year beginning with fiscal year
 14 1971-72 to be administered by the State Scholarship Board. Pay-
 15 ments for awards shall be made to the respective institutions by the
 16 State Scholarship Board, upon receipt from the respective institu-
 17 tions of certification of the enrollment of said appointed applicants.

18 (h) Powers of institution not affected. Nothing herein con-
 19 tained shall in any way impair or affect the control by any said
 20 university or school of its operation or of any of the studies pursued

21 *therein, or impair or in any way affect the power to fix the standards*
22 *of scholarship required for admission to the university or school*
23 *or for the continued prosecution of studies therein, or the examination*
24 *or other method of ascertaining or determining such fitness in*
25 *scholarship or otherwise, or the power to maintain, prescribe and*
26 *enforce the discipline, rules or regulations of the university or school.*

28 *(i) As of April 21, 1971, this program shall supersede and replace*
29 *all House of Delegates programs existing prior to this date, and*
30 *thereafter all House of Delegates Scholarships shall be held only in*
31 *accordance with the terms of this section. Nothing herein shall be*
32 *construed to affect any scholarship granted prior to April 21, 1971,*
33 *and the recipient of any such scholarship may continue to hold it*
34 *notwithstanding the adoption of this section.*

1 SEC. 2. *And be it further enacted, That this Act may take effect*
2 *July 1, 1969.*

A BILL

ENTITLED

AN ACT to repeal Sections 284G, 284H and 284H-1 of Article 77 of the Annotated Code of Maryland (1965 Replacement Volume and 1968 Supplement), title "Public Education," subtitle "State Scholarship Board," and to enact new Section 284G in lieu thereof, to stand in the place of the sections repealed, to provide for a General State Scholarship program to replace the program of General State Scholarship Program and the Teacher-Education Program; to provide for when the new program shall go into effect; to provide for the phasing out of the present General State Scholarship Program and Teacher-Education Program; and to provide in general for the method of awarding scholarships under the new program, the amounts to be awarded and the institutions at which such scholarships may be used.

1 SECTION 1. *Be it enacted by the General Assembly of Maryland,*
 2 That Sections 284G, 284H and 284H-1 of the Annotated Code of
 3 Maryland (1965 Replacement Volume and 1968 Supplement), title
 4 "Public Education," subtitle "State Scholarship Board," be and they
 5 are hereby repealed, and that new Section 284G be and it is hereby
 6 enacted in lieu thereof to stand in the place of the section so repealed,
 7 and to read as follows:

1 284G.

2 (a) *Eligible institutions. In addition to any other scholarships*
 3 *that may be awarded or provided for under other provisions of*
 4 *this Article, there shall be a program of general scholarships under*
 5 *the provisions of this section. Eligible institutions are those*
 6 *degree-granting institutions of higher education within this State*
 7 *whose curricula are approved by the State Department of Education.*

8 (b) *Qualifications of recipient. Any award to be made according*
 9 *to the provisions of this subtitle shall be given only to an applicant*
 10 *who has met the following conditions: (1) that he shall have*
 11 *passed, in the academic year preceding that for which the award is*
 12 *to be made, a competitive examination to be administered by the*
 13 *State Scholarship Board in accordance with rules and regulations*
 14 *adopted and promulgated by the Board, except that when an award*
 15 *is made to a student who is already attending an institution of higher*
 16 *learning and who has completed one academic year at said institution*
 17 *in good academic standing, the requirement for an examination is*
 18 *waived, (2) that he shall have been, at the time of the examination,*
 19 *a resident of the State and of the political subdivision from which he*
 20 *seeks appointment, except as otherwise provided in this section, (3)*
 21 *that he shall have been accepted for admission to the regular under-*
 22 *graduate program of the institution at which the award is to be*
 23 *used and (4) that he shall have accepted any other conditions*
 24 *attached to the granting of the award by the law or by regulations*
 25 *adopted pursuant thereto, and (5) that he shall have demonstrated,*
 26 *in accordance with the rules and regulations of the State Scholarship*

27 Board; the requisite financial need. Definite financial need shall be a
 28 prerequisite to receiving a scholarship under the provisions of this
 29 section. No person shall be awarded or hold a scholarship under
 30 the provisions of this section if he holds any other scholarship
 31 awarded under the provisions of this Article.

32 (c) Allocation of scholarship funds. Each political subdivision
 33 of the State shall be entitled to an annual allocation of an amount
 34 not to exceed fifteen hundred dollars (\$1,500) as part of its quota
 35 of scholarship moneys for this program. In addition, each political
 36 subdivision shall be entitled to an annual allocation of an amount
 37 not to exceed fifteen hundred dollars (\$1,500) for each Delegate
 38 which that political subdivision is entitled to send to the House of
 39 Delegates. Provided, however, that no moneys may be disbursed
 40 by the State Scholarship Board from the quota allocations except
 41 in accordance with the other provisions of this section.

42 (d) Amount and number of scholarship units. Scholarship aid,
 43 to be used to defray all or part of the cost of tuition and/or room
 44 and board at any of the eligible institutions, is to be granted in
 45 units of one hundred dollars (\$100) for each year of the award,
 46 except that no scholarship shall be less than two (2) units. No
 47 single award to a recipient may exceed fifteen (15) units for each
 48 year of the four years of undergraduate study, or a total of sixty (60)
 49 units. The State Scholarship Board shall determine the amount of
 50 scholarship aid to be awarded to each candidate, basing its decision
 51 upon the demonstrated need of the candidate.

1 (e) How awarded. From the examination papers which are
 2 graded with a passing mark, the State Scholarship Board shall
 3 certify each year the lists of candidates, by political subdivision,
 4 eligible to be considered for an award. Fifty percent (50%) of the
 5 allocated scholarship funds for any county or legislative district
 6 shall be used for scholarships to be awarded by the State Scholar-
 7 ship Board to those qualified applicants who received the highest
 8 scores in their respective county or legislative district and who
 9 can also demonstrate financial need. The remaining fifty percent
 10 (50%) of said scholarship funds in each county and legislative district
 11 shall be used by the State Scholarship Board to make awards to those
 12 qualified students who have been shown to have the greatest amount
 13 of financial need.

14 If in any county or legislative district, any of the scholarship
 15 moneys allocated under the provisions of this section remain after all
 16 the eligible candidates in the respective county or legislative district
 17 have been processed, the State Scholarship Board shall use such
 18 remaining moneys to make awards from a State-wide list of eligible
 19 candidates, in accordance with the procedures authorized in this sub-
 20 section. The State Scholarship Board shall, on or before June 1 of
 21 each year, send to each State Senator a list of the awards made in
 22 each county and legislative district under the General Scholarship
 23 Program.

24 (f) Period for which scholarship may be held. Any applicant
 25 awarded a scholarship may apply for the next ensuing scholastic
 26 year to any one of the eligible institutions as defined in subsection
 27 (a) of this section. The institution at its discretion may reject the
 28 applicant according to its admission standards. Once appointed to a
 29 scholarship, and accepted by one of the eligible institutions, the

30 applicant may hold the scholarship for four years subject to the
 31 following conditions: (1) That he be a full-time student (minimum
 32 12 semester hours); (2) that in the estimation of the institution
 33 in which he is enrolled he shall be progressing satisfactorily toward
 34 a degree and (3) that he maintains the deportment standards of such
 35 institutions, and (4) that after his original appointment he con-
 36 tinues to be a resident of the State.

37 (g) Refund for withdrawals. If the recipient of any award
 38 granted according to the provisions of this subtitle shall withdraw
 39 from the institution at which the award is used, or shall otherwise
 40 cease to fulfill the requirements entitling him to receive the award
 41 during the course of an academic year, the State shall be entitled to
 42 receive from the institution a pro rata refund according to the policy
 43 of the institution with respect to refunds to students in the event of
 44 withdrawal. Such refund shall be made to the State Scholarship
 45 Board. The Board shall then be entitled to fill the vacancy thus
 46 created, in accordance with the provisions of this subtitle.

47 (h) Source of funds. Funds for the granting of all awards
 48 to be granted according to the provisions of this subtitle shall be
 49 placed in the budget from year to year beginning with fiscal year
 50 1970-71, to be administered by the State Scholarship Board. Pay-
 51 ments for awards shall be made to the respective institutions by the
 52 State Scholarship Board, upon receipt from the respective institutions
 53 of certification of the enrollment of said appointed applicants.

1 (i) Powers of institution not affected. Nothing herein contained
 2 shall in any way impair or affect the control by any said university
 3 or school of its operation or of any of the studies pursued therein,
 4 or impair or in any way affect the power to fix the standards of
 5 scholarship required for admission to the university or school or for
 6 the continued prosecution of studies therein, or the examination or
 7 other method of ascertaining or determining such fitness in scholar-
 8 ship or otherwise, or the power to maintain, prescribe and enforce
 9 the discipline, rules and regulations of the university or school.

10 (j) As of April 21, 1970, this program shall supersede and re-
 11 place all General State Scholarship and Teacher-Education programs
 12 existing prior to this date, and thereafter all General State Scholar-
 13 ships shall be held only in accordance with the terms of this section.
 14 Nothing herein shall be construed to affect any scholarship granted
 15 prior to April 21, 1970, and the recipient of any such scholarship
 16 may continue to hold it notwithstanding the adoption of this section.

1 SEC. 2. And be it further enacted, That this Act shall take effect
 2 July 1, 1969.